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Retrospective of Entrepreneurial Activity Development

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ABSTRACT

Historically, Entrepreneurship has been and still is the area of activities of targeted people. It is the main catalyst for both economic progress and development. The results obtained from entrepreneurial activity create wealth, fill and form the state budget, create jobs, solve the existing social problems. The entrepreneurial activity, as the most sensitive area of both scientific and technical progress, is the "locomotive" of decisions after which, as an innovative product, it is introduced to both consumer market and society. The entrepreneurs are the most affluent part of society as they own the biggest financial resources, securities, assets and values. At the same time, most of them become philanthropists and maecenas as well as founders and donors of international foundations. Entrepreneurship is a cultural phenomenon presenting an integral part of world civilization. The economic activity of entrepreneurs has a significant impact on the geopolitical strategies of countries, trade relations, the development of science, the provision of living standards of population, the establishment of labor, culture and modern standards and so on. Historical and national tradition has turned this or that field or technological process into a part of the ethno-culture of the country or a sample of cultural heritage. For example: Switzerland is known for its watch industry, Venice - for its glass production and Saxony -for its porcelain plates and dishes, Netherlands - for its cheese production, France - for its champagne production and Scotland - for both cognac and whiskey technologies, Georgia -for both bread-making and pitcher wine-making technologies and etc. This is a small list of brands and technologies, that have withstood the demands of both the time and tough competition for centuries, and even today, they do not lose their unique specificity and attractiveness as samples of cultural heritage.

Key concepts: Entrepreneurship, Business, Credit resources, Reforms, Economic policy.

INTRODUCTION

It is difficult to find a modern field of public life, the analysis of which does not take us back to the ancient era. The democratic governance and entrepreneurship of the state, as well as the creation of institutions of law and state regulations, all of these paths lead to Greece or ancient Rome. "In the ancient world, the ideas about social justice emerged together with the development of private property. In ethical law the Greek philosopher Aristotle points out, that social stability can be achieved through education and not through the prohibition orders against the property. "[1]

In ancient Greece, the development of navigation laid the foundation for both the establishment and strengthening of trade and economic relations with neighbors. At that time, the country had both the perfect geographical location and completely unique and progressive political system, which created a fertile ground for profit-oriented entrepreneurial activities. Entrepreneurial activity and the Restoration of industrial relations through capital investment, significantly increased its export potential as well as significantly activated monetary relations. At that time, in Greece both the formation of entrepreneurial associations and the institutionalization of their relations gave birth to the germs of the entrepreneurial class.

During the same period, there was developed intensively the practice of making unethical and immoral loans - usury. Due to problems caused by non-payment, "in 621 BC, Greece adopted so-called "the Law of the Dragon". According to the new law, the people who were not able to repay the debt on time, they together with their family members had to become the property of the creditor. At that time, there was emerged the term - "draconian measures". So the law entered into force and soon lots of small entrepreneurs and landowners found themselves in slavery. In order to rectify the above mentioned situation, in 591 BC, the country adopted a new law, which canceled slavery due to non-repayment of the loans"[2]

THE RESULTS OF DISCUSSION

Many economists and historians believe, that modern market relations were established in ancient Greece, as there the entrepreneurship has acquired all the hallmarks of a market economy, including: private property, regulation of economic activities of entrepreneurial entities by the state, international trade and export-import regime, establishment of "partnerships" of trade, industrial and financial professional guilds and etc.

The retrospective of the entrepreneurial activity development is impossible without Carthage. Before it was destroyed by the Romans, was a classic antipode to Rome, as historically Rome was mainly enriched by wars, while Carthage was enriched through the development of both production of goods and trade.

Entrepreneurship was the most prestigious activity in Carthage, which promoted "Development of processing industries. At that time, Carthage supplied different countries of the world with textiles, glass and metal products, various household items and so on. Due to both its high economic activity and implementation of the right strategy in international markets, its trade balance was always positive. "[3]

In the ancient Rome, as a result of the wars of conquest, there were accumulated significant material resources including huge financial, material and human resources, which were typical of the empire. In order to legalize entrepreneurial activity, Emperor Augustus Octavian "established tax collectors and regulators in all the provinces of the country, which re-measured the main tax base-lands as well as described the existing property. Then they instructed all residents to submit a declaration of both income and property status to the authorities of the "Community Province". Most of the taxes were mobilized in cash, forcing the population to produce the surplus product, sell it, and pay the tax in cash. This fact contributed to the development of monetary relations as well as deepened the process of division of labor. "[4]

In Rome, trade became the main trend of economic activity, as the empire was mainly focused on imported goods. This type of economic relations significantly hindered the development of entrepreneurship in the territory of the Roman Empire and the empire was formed as a monopolistic state. The prosperity gained by colonial plunder could not be continued indefinitely as such policy required both significant financial and human resources. An economy based solely on slavery and trade, plunged Rome into a deep crisis.

> *"In Rome this crisis took place in the 3rd century BC and soon it became clear, that its economy was doomed to failure. " [5]*

After the fall of the Roman Empire, the economic space of a once vast empire was filled with chaos and disorder. The free economic space of the former vast empire was filled by the new leader, the Arab Caliphate Empire (632-1258).

> *"He united both huge economic spaces and interests under the faith of Islam. The Arabs had a monopoly on trade of both the African gold and slaves from Sudan. They gained a monopoly power on the import of both paper and gunpowder from China and so on. As a result of intensive trade relations, the Arab world has accumulated both the great wealth and the experience in organizing entrepreneurial activities, later successfully used by both Italian entrepreneurs and traders in the Renaissance era. First of all, they legalized guarantees of inviolability of private property rights, created duty-free trade zones, established commercial guilds and so on". [6]*

The development of entrepreneurship is significantly linked to both the Renaissance in Italy and the establishment of important city-states, including Florence, Venice and Genoa. In the 11th century, Florence became the most important city-state of both Italy and the entire Western civilization. In Florence, several strong business-owning families confronted each other openly or secretly. They aimed to redistribute the economic space controlled by Florence.

The establishment of the Medici Bank greatly contributed to the development of both entrepreneurship and provision of cheap credit resources to businesses. With well-organized advertising and charity, the Medici family was able to gain great popularity and prestige throughout Italy. The Medici Bank was founded in 1397 and was operating successfully for almost a hundred years. The bank ceased to exist in 1494, after the French occupation of Florence and the complete confiscation of the Medici property. In the Renaissance era the influence of the Medici family was indefinitely great throughout Europe and it can be said, that it has almost no analogues. The Medici family ruled the city-state of Florence; They became leaders of Christendom through their two members of their family, including Pope Leo X and Pope Clement VII and Catherine and Mary Medici became queens of France. "[7]

In XV -XVII centuries France had an era of strict monarchy. It is not an interesting era for the history of entrepreneurship development as French aristocracy was allowed to serve only in military or state service.

At the end of the XVI century, the Dutch Republic became the main donor of credit for European economy. First of all, it was resulted by perfect banking and investment activities, the high level of urbanization of the cities and the high labor culture characteristic of the Dutch. The unity of these circumstances gave a strong impetus to the development of free enterprises.

Success in business was also conditioned by reasonable organized international trade, high guarantees of inviolability of property, accumulation of liquid assets, favorable conditions for business taxation and financial services and implementation of innovations. However, soon it was clear that due to the scarcity of its own human resources, the Dutch Republic was not able to maintain its position as "the flagship of the European economy", as in the XIX century, England, France and Germany began the process of industrialization and their powerful factories actively conquered European markets.

From the second half of the XVIII century, Britain was at the forefront of the Industrial Revolution. Both the implementation of free market philosophy ideas and the liberalization of regulatory mechanisms have substantially changed the business environment in the UK. In order to support business, there were made significant investments in infrastructure projects. There were built railways and ports, significantly increasing flexibility and mobility of the economy. At that time, 35% of world trade in industrial production came from England, from the country, where lived the population of only 2% of the world.

In terms of the retrospective of entrepreneurial activity, it is interesting to review two important historical sections of the United States. The first one is related to both the presidency of President Theodore Roosevelt and the years of the Great Depression and the second section deals with President Ronald Reagan's economic reforms.

President Roosevelt's paradigm of economic policy was based entirely on John Maynard Keynes's scientific views and practical considerations, aimed at strengthening the function of state regulation during the economic crisis.

These regulations considered to restrict the activities of monopolies, to liberalize the tax system, to conduct active investment policy and etc. Both then and today, these reforms have had many skeptics, though it must be said, that in the history of American economic policy, these reforms were highly effective, and President Roosevelt is one of the most successful presidents of the United States.

President Ronald Reagan has implemented economic reforms in three main directions. They are: reduction in federal spending, deregulation of the economy and reinvestment of the economy through tax reforms. Ronald Reagan's reforms proved to be highly effective and America has once again shown the world the opportunities of market economy, if we use it wisely and systematically. As for the history of entrepreneurship development in Georgia, we do not need the deep retrospective for that. Until the end of the XIX century, Georgia was an agrarian country and business was mainly related to trade.

The process of industrialization of the Georgian economy has begun during the Soviet period. At the end of the XX century, Georgia produced locomotives, military aircraft, trucks and so on. Lots of union-owned enterprises operated in the country and both light and heavy industries played a big role in the economy. However, even with these large-scale investments, it was impossible for products made in Georgia (except for a few exceptions) to be competitive in the world market. Due to the lack of a free market and healthy competition, the planned economy was doomed to a crisis.

We think, that the leaders of the Soviet Empire fully understood the importance of competition. That's why, the whole "party machine" was engaged in the propaganda of socialist competition.

However, in terms of public property, this competition was formal. The faulty and unnatural economy, along with the lack of democracy and freedom, proved to be one of the main causes of the crisis in the Soviet Empire.

CONCLUSION

The historical experience of entrepreneurial activity proves, that both the intellect of entrepreneurs and the ability of synergistic relationship allow entrepreneurs to achieve success. An entrepreneur must have innate qualities, good skills in both risk analysis and market research in order to insure his business and not fall into the captivity of ephemeral illusions.

Today, in the modern economy, the main task of entrepreneurs is to think globally. They must be focused on innovations in their own businesses. In the conditions of fair competition, they must provide equal access opportunities for job seekers as well as demonstrate high social responsibility in the protection of labor rights.

Due to the pandemic, assessing the scale of the economic damage is more difficult, because no one knows how long the restrictions on activities will last. What is the price of the restrictions? This is a question, that concerns the world's leading financial and analytical institutions. In a pandemic, what can we choose economic activity or a process of self-isolation? Here is the dilemma, that is still unresolved today and is becoming the subject of active discussion.

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